

SENATE BILL REPORT

SB 5998

As of February 19, 2007

Title: An act relating to a reduction in the state property tax levy.

Brief Description: Providing a reduction in the state property tax levy.

Sponsors: Senators Benton, Stevens, Carrell, Morton and Swecker.

Brief History:

Committee Activity: Ways & Means: 2/15/07.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: The state property tax levy is limited to a maximum of \$3.60 per \$1,000 of assessed value upon the assessed valuation of all taxable property within the state adjusted to the state equalized value. The Department of Revenue equalizes the assessed values of the various counties to true and fair value to provide a uniform base upon which to impose the state property tax. The levy collected is limited to a 1 percent increase each year plus the value of new construction and the value of state assessed properties. The tax is dedicated to the support of the common schools.

In calendar year 2006, the state rate at market value was \$2.31 per \$1,000 of assessed value while the average equalized state rate was \$2.58. The amount raised from the state property tax levy was \$1.64 billion.

Summary of Bill: The state property tax levy for collection in 2008 is reduced by 40.07 percent of the levy amount that would be collected. The state property tax levy for collection in 2009 is reduced by 39.13 percent of the amount that would otherwise be collected.

The state levies for collection in 2010 and thereafter is set at the amount the levy would have been without the reductions in 2008 and 2009.

Appropriation: None.

Fiscal Note: Requested on February 12, 2007.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff Summary of Public Testimony: PRO: This would be a one time tax relief. It makes sense that we give a portion of our surplus back to taxpayers. Put 25 percent away for a rainy day and give 75 percent to taxpayers. Seventy-two percent of property tax comes from family-owned homes. As a private citizen, I understand that the last few budgets have had deficits and we have paid. Please consider this bill on behalf of the people that work hard to pay these taxes. Consider how much we give, have given, and continue to give. Washington is the fourth highest taxed state in the nation and there is explosive growth in property tax revenue.

CON: This is a very difficult issue to deal with, and putting money back in taxpayer pockets is tempting. However, we are not putting enough into education and health.

Persons Testifying: PRO: Senator Benton, prime sponsor; Jeannette Bittner, citizen; Tim Eyman, Taxpayer Protection Initiative.

CON: Barbara Flye, Washington Tax Fairness Coalition.